

FSBM HOLDINGS BERHAD
Company No.: 115609-U

Quarterly report on consolidated results for the first quarter ended 31 March 2005.
The figures have not been audited.

Unaudited Condensed Consolidated Income Statement

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2005 RM '000	Preceding Year Correspondin g Quarter 31/3/2004 RM '000	Current Year To Date 31/3/2005 RM '000	Preceding Year Correspondin g Period 31/3/2004 RM '000
Revenue	15,362	18,332	15,362	18,332
Operating expenses	(13,532)	(18,035)	(13,532)	(18,035)
Other operating income	25	110	25	110
Profit from operations	1,855	407	1,855	407
Finance costs	(188)	(471)	(188)	(471)
Share of (losses)/profit of associate companies	(13)	274	(13)	274
Profit from ordinary activities before tax	1,654	210	1,654	210
Taxation	0	0	0	0
Profit from ordinary activities after tax	1,654	210	1,654	210
Minority interest	91	(1,396)	91	(1,396)
Net profit/(loss) for the period	1,745	(1,186)	1,745	(1,186)
Earnings per share:				
- basic	3.41	(2.32)	3.41	(2.32)
- diluted	3.39	(2.32)	3.39	(2.32)

(The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31st December 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER 31/3/2005 <hr/> RM '000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2004 <hr/> RM '000
Non current assets		
Property, plant and equipment	56,530	57,523
Intangible assets	470	485
Investment in associated companies	2,457	2,395
Other investments	1,444	1,486
Current assets		
Inventories	165	163
Receivables	34,066	36,319
Tax recoverable	341	338
Deposits with licensed banks	312	2,093
Cash and bank balance	6,308	3,015
	<hr/> 41,192	<hr/> 41,928
Current liabilities		
Payables	20,041	23,070
Hire Purchase Creditor	277	277
Short term borrowings	6,185	5,835
Provision for tax	0	0
	<hr/> 26,503	<hr/> 29,182
Net current assets	<hr/> 14,689	<hr/> 12,746
Less: Non current liabilities		
Deferred tax liabilities	4,971	4,971
Long term borrowings	6,619	5,672
Hire Purchase Creditor	207	276
	<hr/> 11,797	<hr/> 10,919
	<hr/> 63,793	<hr/> 63,716
Capital and reserves		
Share Capital	51,150	51,150
Reserves	9,730	7,990
Shareholders' equity	<hr/> 60,880	<hr/> 59,140
Minority interest	2,913	4,576
	<hr/> 63,793	<hr/> 63,716
Net tangible assets per share (RM)	1.19	1.16

(The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31st December 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Statement of Changes in Equity

	<u>Non-distributable</u>			<u>Distributable</u>		
	Share capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange difference RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2005	51,150	8,369	13,534	673	(14,586)	59,140
Currency translation differences	-	-	-	(5)	-	(5)
Surplus arising from revaluation of land & building, net of tax	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	1,745	1,745
Balance as at 31 March 2005	51,150	8,369	13,534	668	(12,841)	60,880
Balance as at 1 January 2004	51,150	8,369	-	609	(17,684)	42,444
Currency translation differences	-	-	-	31	-	31
Surplus arising from revaluation of land & building, net of tax	-	-	13,504	-	-	13,504
Net loss for the financial period	-	-	-	-	(1,186)	(1,186)
Balance as at 31 March 2004	51,150	8,369	13,504	640	(18,870)	54,793

(The unaudited Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the year ended 31st December 2004 and the accompanying explanatory notes attached to the interim financial report)

Unaudited Condensed Consolidated Cash Flow Statement

	31 March 2005 RM'000	31 March 2004 RM'000
Net profit/(loss) attributable to shareholders	1,745	(1,186)
Adjustments for : -		
Non-cash items	1,185	1,561
Non-operating items	(1,650)	1,122
Operating loss before changes in working capital	<u>1,280</u>	<u>1,497</u>
Changes in working capital		
Net change in current assets	(563)	10,770
Net change in current liabilities	(206)	(6,892)
Cash generated from operations	<u>511</u>	<u>5,375</u>
Tax refund/(paid)	(3)	(4)
Interest paid	(201)	(263)
Interest received	15	13
Development assets expenses	<u>0</u>	<u>0</u>
Net cash flows from operating activities	322	5,121
Investing Activities		
- Purchase of property, plant & equipment	(11)	(113)
- Other investments	(33)	0
Net cash flows from investing activities	(44)	(113)
Financing Activities		
- Dividend paid	0	0
- (Repayment)/Draw down of term loan	1,228	(9,093)
- Deposit held as security	0	(250)
- Others	0	(69)
Net cash flows from financing activities	<u>1,228</u>	<u>(9,412)</u>
Net Change in Cash & Cash Equivalents	1,506	(4,404)
Currency Translation Differences	<u>6</u>	<u>26</u>
	1,512	(4,378)
Cash & Cash Equivalents at beginning of the year	<u>5,108</u>	<u>12,565</u>
Cash & Cash Equivalents at end of the year	Note (a) <u>6,620</u>	(b) <u>8,187</u>

(a) Consists of deposits with licensed banks (RM312,000) and cash and bank balance (RM6,308,000) less deposits pledged as security (RM Nil).

(b) Consists of deposits with licensed banks (RM973,000) and cash and bank balance (RM7,464,000) less deposits pledged as security (RM250,000).

(The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31st December 2004 and the accompanying explanatory notes attached to the interim financial report)

Notes to Interim Financial Report.

1. Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2004 .

2. Audit Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2004 was not subject to any qualification.

3. Seasonal or Cyclical Factors

Overall, the business operations of the Group were not affected by any seasonal or cyclical factors.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

5. Changes in Estimates

There were no changes in estimates of amounts reported in prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6. Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2005.

7. Dividends Paid

No dividend has been declared for the current financial period under review.

8. Reclassification of Comparative Information

With effect from the current financial year, the Directors of the Group reclassified Rental Income as Revenue (instead of Other Operating Income) to better reflect the increasing material nature of these income. The comparative information has been restated accordingly.

9. Segmental Reporting

Segment analysis for the current year quarter and financial period ended 31 March 2005 are set out below:

	Solution RM'000	Smart Community RM'000	Communication & Multimedia RM'000	Education RM'000	Investment Holding & Others RM'000	Elimination RM'000	Group RM'000
Quarter Ended 31/3/05							
External Sales	2,305	29	6,770	5,658	600	-	15,362
Internal Sales	2,490	-	3	2,782	-	(5,275)	-
Total Sales	4,795	29	6,773	8,440	600	(5,275)	15,362
(Loss)/ Profit From Operations	4,601	(10)	(742)	1,641	2,121	(5,756)	1,855
Financial Period Ended 31/3/05							
External Sales	2,305	29	6,770	5,658	600	-	15,362
Internal Sales	2,490	-	3	2,782	-	(5,275)	-
Total Sales	4,795	29	6,773	8,440	600	(5,275)	15,362
(Loss)/ Profit From Operations	4,601	(10)	(742)	1,641	2,121	(5,756)	1,855

9. Segmental Reporting (Continued)

	Solution	Smart Community	Communication & Multimedia	Education	Investment Holding & Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Quarter ended 31/3/04							
External Sales	2,101	361	3,267	12,300	303	-	18,332
Internal Sales	42	-	6,402	3,545	-	(9,989)	-
Total Sales	2,143	361	9,669	15,845	303	(9,989)	18,332
(Loss)/ Profit From Operations	47	157	(370)	2,209	(2,072)	436	407
Financial Period Ended 31/3/04							
External Sales	2,101	361	3,267	12,300	303	-	18,332
Internal Sales	42	-	6,402	3,545	-	(9,989)	-
Total Sales	2,143	361	9,669	15,845	303	(9,989)	18,332
(Loss)/ Profit From Operations	47	157	(370)	2,209	(2,072)	436	407

10. Property, Plant and Equipment

The carrying value of freehold land and buildings is based on a valuation carried out on 29 March 2004 by independent qualified valuers using the market value basis to reflect fair value.

11. Events Subsequent to the Balance Sheet Date

There are no material events subsequent to the end of the period under review that has not been reflected in the quarterly report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Company and of the Group in the current quarter except as disclosed below:-

- a) On 25 March 2005, Jaring Sekitar Sdn Bhd (“JSSB”), a wholly owned subsidiary of the Company, acquired a further 75,000 ordinary shares of RM1.00 each in Technitium Sdn Bhd (“TSB”), bringing its shareholding to 200,000 ordinary shares representing 20% of the enlarged issued and paid up share capital in TSB. The issuance is part of TSB’s increase of its issued and paid up share capital from RM750,000 to RM1,000,000.

13. Changes in Contingent Liabilities or Contingent Assets

There were no contingent assets or liabilities as at the end of the current quarter and at the last annual balance sheet date.

14. Review of Performance

For the current year quarter ended 31 March 2005, the Group recorded a revenue of RM15.362 million against RM18.332 million in the corresponding quarter of the preceding year.

The Group’s profit for the period was RM 1.745 million for the current year quarter compared to a loss of RM 1.186 million in the corresponding quarter of the preceding year.

The Group’s profit for the current year quarter was contributed mostly by the Solution and Education Division.

15. Review of Quarterly Results

The Group’s reported revenue of RM15.362 million was lower than that reported in the preceding fourth quarter of RM21.138 million.

The Group’s profit for the period was RM1.745 million compared to RM 5.924 million reported for the preceding fourth quarter. The higher profit in the preceding fourth quarter was attributable to the recognition of profit on completion of certain projects in the Smart Community Division.

16. Current Year Prospects

The Group saw the significant increase in the numbers of ICT projects from the private and public sectors towards the end of 2004. It has been building up the alliances with technology principals and manufacturers to further develop the Solution Division as part of its business strategy. The main thrust of this endeavor is in the creation of solutions for the Healthcare industry, Infosecurity Programs and the Revenue Assurance Programs.

The Group also anticipates the broadband content business to pick up significantly in Year 2005, with the improving acceptance for entertainment-on-demand over the Internet and through new generation IP broadband-capable devices such as PDAs, IPTV and 3G mobile. The Group has also been firming up on its business development in China and this is expected to bear fruit in 2005.

The Teachers Training Programme has been scaled up to the planned 89 training sites during the quarter under review and the training programme is expected to flow very smoothly from hereon. The Group is also pursuing the prospects of introducing these programmes into Viet Nam, Thailand and Indonesia in the medium term.

The Group is continuing its programme to streamline operations and manage cost. In the face of rising activities from businesses picking up momentum in the quarter under review, most of the costs have been kept at the level achieved in 2004.

17. Variance from Forecast Profit and Profit Guarantee

Not applicable.

18. Taxation

Taxation comprises:

	Current Year Quarter	Preceding Year Correspon- ding Quarter	Current Year To Date	Preceding Year Correspon- ding Period
	31/3/2005 (RM'000)	31/3/2004 (RM'000)	31/3/2005 (RM'000)	31/3/2004 (RM'000)
Taxation – current				
- Company and subsidiaries	-	-	-	-
Deferred taxation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

18. Taxation (Continued)

The explanation of the relationship between tax expense and profit/(loss) from ordinary activities before tax is as follows:

	Current Year Quarter 31/3/2005 (RM'000)	Preceding Year Correspon- ding Quarter 31/3/2004 (RM'000)	Current Year To Date 31/3/2005 (RM'000)	Preceding Year Correspon- ding Period 31/3/2004 (RM'000)
Profit/(loss) from ordinary activities before tax	1,654	210	1,654	210
Tax calculated at the Malaysian tax rate of 28%	463	59	463	59
Tax effects of:				
- expenses not deductible for tax purposes	250	131	250	131
- pioneer (income)/loss	9	(395)	9	(395)
- income not subject to tax	(1,026)	(2)	(1,026)	(2)
- current year tax loss not recognized	(21)	76	(21)	76
- deductible temporary differences not recognized	1,463	270	1,463	270
- benefit from previously unrecognized tax losses	(1,138)	(139)	(1,138)	(139)
Tax (credit)/expense	0	0	0	0

19. Sale of Investments and Properties

There were no sales of investments and/or properties for the financial period under review.

20. Purchase/Disposal of Quoted Securities

There were no dealings in quoted securities for the financial period under review.

The details of investments in quoted shares as at 31 March 2005 are as set out below: -

	RM '000
Quoted shares in Malaysia:	
At Cost	1,239
Provision for diminution in value	(929)
	<u>310</u>
At market value	<u>310</u>
Shares listed outside Malaysia	
At Cost	<u>1,135</u>
At price of last placement of shares issued by the investee up to 31 March, 2005	<u>26,431</u>

21. Corporate Proposals

Corporate proposal announced but not yet completed at the date of this report is as listed below:

As announced on 10 October 2003, the Company's two (2) subsidiary companies, namely, FSBM Net Media Sdn Bhd and FSBM M2B Sdn Bhd had submitted an application to the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Securities Commission, for admission to the MESDAQ Market of the Bursa Malaysia via a holding company, FSBM Broadband Systems Berhad. Subsequently, on 24 December 2004, Bursa Malaysia had rejected the application. An appeal to Bursa Malaysia was submitted on 20 January 2005.

22. Group Borrowings

The details of the Group's borrowings as at 31 March 2005 are as set out below: -

	Secured/ Unsecured	RM'000
Short term borrowings	Secured	6,185
Long term borrowings	Secured	6,619
		<u>12,804</u>

On 17 June 2003, the Company has drawn-down a Time Loan for the sum of RM5.0 million under credit facilities with Citibank Berhad. On 1 March 2004, the Company has made repayment amounting to RM1.0 million in respect of the said time loan facility. Subsequently, on 15 March 2004, the said time loan facility has been converted into term loan payable by 24 equal monthly installments plus interest commencing 1 April 2004.

On 11 December 2003, a wholly owned subsidiary of the Company has accepted a Hire Purchase Facility from Alliance Finance Berhad for the sum of RM830,000. Up to 31 March 2005, the subsidiary has made repayment amounting to RM345,836 in respect of the said hire purchase facility.

On 27 December 2004, the Company has drawn-down RM1.0 million which is fully repayable plus interest of RM11,842 within 91 days. Upon maturity on 28 March 2005, the Short Term Revolving Credit of RM1.0 million was rolled over for another 91 days with interest amounting to RM11,842.

On 30 December 2004, the Company was granted a Contract Financing package of RM24.5 million from Malayan Banking Berhad to finance the Teachers Training Programme. On 29 March 2005, the Company has drawdown RM2.5 million which is repayable over 30 months from 1st October 2005 at an interest of Base Lending Rate plus 1.5% per annum.

23. Off Balance Sheet Risk Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of issue of this quarterly report.

24. Material Litigation

KT Technology (M) Sdn Bhd

The Company has filed the Creditor's Petition with the official assignee against the 5th defendant, the judgment debtor on 25 February 2003. At the hearing on 13 November 2003, the court has struck off the proceedings as the official assignee has informed the court that the 5th defendant was adjudicated a bankrupt on 13 March 2003. The Company has on 17 February 2004 filed the Proof of Debt General Form and General Proxy with the official assignee in respect of the 5th defendant.

In relation to the above litigation, the 2nd and 3rd defendants are bankrupt as confirmed in the recent bankruptcy search. The Company has filed the Proof of Debt General Form and General Proxy with the official assignee for both defendants.

Dataprep Distribution Sdn Bhd

On 4 June 2004, the Company has filed the Proof of Debt General Forms, General Proxy and Special Proxy with the Director General of Insolvency in respect of the defendant.

25. Basic Earnings Per Share

The basic earnings per share for the financial period is calculated based on the Group's net profit for the period attributable to ordinary shareholders and divided by the number of ordinary shares in issue during the financial period.

	Current Year Quarter 31/3/2005	Preceding Year Correspon- ding Quarter 31/3/2004	Current Year To Date 31/3/2005	Preceding Year Correspon- ding Period 31/3/2004
Group's profit/(loss) attributable to ordinary shareholders (RM)	1,745,000	(1,186,000)	1,745,000	(1,186,000)
Number of ordinary shares in issue at the beginning of the period	51,150,000	51,150,000	51,150,000	51,150,000
Basic earnings per share (sen)	3.41	(2.32)	3.41	(2.32)

26. Diluted Earnings Per Share

The diluted earnings per share is calculated based on the Group's net profit for the period attributable to ordinary shareholders and divided by the number of ordinary shares in issue plus the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares as follows: -

	Current Year Quarter 31/3/2005	Preceding Year Correspon- ding Quarter 31/3/2004	Current Year To Date 31/3/2005	Preceding Year Correspon- ding Period 31/3/2004
Group's profit/(loss) attributable to ordinary shareholders (RM)	1,745,000	(1,186,000)	1,745,000	(1,186,000)
Number of ordinary shares in issue at the beginning of the period	51,150,000	51,150,000	51,150,000	51,150,000
ESOS:				
Weighted average number of unissued shares	2,958,433	33,978	2,958,433	33,978
Weighted average number of shares that would have been issued at fair value	(2,658,937)	(32,360)	(2,658,937)	(32,360)

	51,449,496	51,151,618	51,449,496	51,151,618
Diluted earnings per share (sen)	3.39	(2.32)	3.39	(2.32)

27. Disclosure in Relation to Internet-Related Businesses on E-Commerce Activities

FSBM Egate Sdn Bhd remained dormant.

28. Provision of Financial Assistance

The Company has obtained a mandate on 25 June 2003 from its shareholders pursuant to paragraph 10.09 of the Listing Requirements to provide financial assistance to its associate and subsidiary companies.

As at 31 March 2005, advances previously granted to FSBM I-Design Sdn Bhd, a 70% owned subsidiary company has been fully settled.